

No Insurance For Clean-up Of Arkwood

FAYETTEVILLE — Federal Judge H. Franklin Waters has ruled that Hallie Ormond's insurance policies do not cover the costs of the clean-up of the Arkwood Superfund site near Omaha.

Mass Merchandisers Inc., which most recently used the wood treating plant, currently is paying for a study to determine the best way to clean up what remains of the cancer-causing pentachlorophenol used there from 1962 to 1984.

But no court decision has been made on who will pay for the actual clean-up. The state Pollution Control and Ecology Department has sued everyone who operated Arkwood to force a clean-up, but Richard Merritt of that agency said Wednesday that the suit would be inactive until the study is completed next fall.

Ormond owned the Arkwood site he and his son-in-law, C. C. "Bud" Grisham operated the plant at various times.

Ormond was insured by his nephew, Charles Ormond of Ormond Insurance Agency of Morilton under Maryland Casualty Company policies promising to cover "all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage."

Judge Waters based his Jan. 6 decision on federal appeals court rulings, including one by the Eighth Circuit Court of Appeals, that environmental cleanup costs were not insured as property damage.

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